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7 UNITED STATES DISTRICT COURT FOR THE
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 UNITED STATES OF AMERICA,

11 No. CR21-135 RAJ

12 Plaintiff,

13 INFORMATION

14 v.

15 SUNG MO JUN,
16 JUNWOO CHON,
17 JOON JUN, and
18 AYDEN LEE,

19 15 U.S.C. §§78j(b) and 78ff and
20 17 C.F.R. §§240.10b5 and 10b5-1

21 Defendants.

22 THE UNITED STATES ATTORNEY CHARGES THAT:

23 **COUNTS 1 – 3**
24 **(Securities Fraud - Insider Trading)**

25 Between in or about July 2016 and in or about July 2019, at Issaquah and
26 Bellevue, in the Western District of Washington, and elsewhere, defendants SUNG MO
27 JUN, JUNWOO CHON, JOON JUN, and AYDEN LEE, and others known and
28 unknown, willfully, directly and indirectly, by the use of the means and instrumentalities
 of interstate commerce and of the facilities of national securities exchanges, in
 connection with the purchase and sale of securities, did use and employ manipulative and
 deceptive devices and contrivances, in violation of Title 15, United States Code, Section
 78j(b) and Title 17, Code of Federal Regulations, Sections 240.10b-5 and 240.10b5-1, by

Information/SUNG MO JUN, et al. - 1

UNITED STATES ATTORNEY
700 STEWART STREET
SEATTLE, WASHINGTON 98101
(206) 553-7970

1 purchasing and selling and causing the purchase and sale of securities on the basis of
 2 material non-public information about those securities and their issuer, in breach of a
 3 duty of trust and confidence owed directly, indirectly, and derivatively to the issuer of
 4 those securities, the shareholders of that issuer, and to any other person who is the source
 5 of the material non-public information.

6 **I. Background.**

7 1. Between July 2016 and July 2019, Netflix, Inc. was a publicly traded
 8 company headquartered in Los Gatos, California. Netflix was an issuer with a class of
 9 securities registered with the U.S. Securities and Exchange Commission under Section 12
 10 of the Securities Exchange Act of 1934, 15 U.S.C. § 781. Netflix's securities were
 11 registered with the SEC throughout the relevant period. Netflix's common stock was
 12 listed on the NASDAQ Stock Market, a national exchange, under the symbol "NFLX."

13 2. Between July 2016 and February 2017, SUNG MO JUN was employed by
 14 Netflix as a software engineer. From at least July 2017 through July 2019, AYDEN LEE
 15 was employed by Netflix as a software engineer. From at least January 2019 to July
 16 2019, another individual was employed by Netflix as a software engineer ("Tipper 1").
 17 While employed by Netflix, SUNG MO JUN, AYDEN LEE, and Tipper 1 had
 18 continuous access to Netflix's subscriber data, including information concerning
 19 Netflix's growth in total subscribers. Netflix's internal subscriber information
 20 constituted material, non-public information until Netflix publicly released the
 21 information as part of its quarterly and annual earnings announcements. During the
 22 relevant period, Netflix's subscriber information was a key metric that significantly
 23 impacted the price of Netflix's stock.

24 3. At the beginning of their employment at Netflix and continuing throughout
 25 their employment at Netflix, SUNG MO JUN, AYDEN LEE, and Tipper 1 were
 26 informed of, and acknowledged, Netflix's internal insider trading guidelines. Among
 27 other things, these guidelines prohibited SUNG MO JUN, AYDEN LEE, and Tipper 1
 28

1 from: (1) trading in Netflix's securities while in possession of material, non-public
2 information; and (2) passing Netflix's material, non-public information to others.

3 4. By virtue of their employment at Netflix, SUNG MO JUN, AYDEN LEE,
4 and Tipper 1 had a duty to keep confidential the material, non-public subscriber
5 information belonging to Netflix. By providing Netflix's material, non-public
6 information to others for the purpose of conducting trading in Netflix securities, SUNG
7 MO JUN, AYDEN LEE, and Tipper 1 breached their duty.

8 5. In February 2017, Technology Company 1 was a publicly traded company
9 headquartered in Santa Clara, California. Technology Company 1 was an issuer with a
10 class of securities registered with the U.S. Securities and Exchange Commission under
11 Section 12 of the Securities Exchange Act of 1934, 15 U.S.C. § 781. Technology
12 Company 1's securities were registered with the SEC throughout the relevant period.
13 Technology Company 1's common stock was listed on the New York Stock Exchange, a
14 national exchange.

15 6. At the time, SUNG MO JUN was a friend of another individual who was
16 employed by Technology Company 1 ("Tipper 2"). Tipper 2 had access to Technology
17 Company 1's material, nonpublic financial information. By virtue of Tipper 2's
18 employment at Technology Company 1, Tipper 2 had a duty to keep confidential the
19 material, non-public information belonging to Technology Company 1. By providing
20 Technology Company 1's material, non-public information to SUNG MO JUN for the
21 purpose of conducting trading in Technology Company 1's securities, Tipper 2 breached
22 Tipper 2's duty.

23 7. From December 2017 to February 2018, Technology Company 2 was a
24 publicly traded company headquartered in Seattle, Washington. Technology Company 2
25 was an issuer with a class of securities registered with the U.S. Securities and Exchange
26 Commission under Section 12 of the Securities Exchange Act of 1934, 15 U.S.C. § 781.
27 Technology Company 2's securities were registered with the SEC throughout the relevant
28

1 period. Technology Company 2's common stock was listed on the New York Stock
2 Exchange, a national exchange.

3 8. During this time, JUNWOO CHON and JOON JUN were friends of an
4 individual who was employed at Technology Company 2 ("Tipper 3"). Tipper 3 had
5 access to Technology Company 2's material, nonpublic financial information. By virtue
6 of Tipper 3's employment at Technology Company 2, Tipper 3 had a duty to keep
7 confidential the material, non-public information belonging to Technology Company 2.
8 By providing Technology Company 2's material, non-public information to JUNWOO
9 CHON and others for the purpose of conducting trading in Technology Company 2's
10 securities, Tipper 3 breached Tipper 3's duty.

11 9. Between in or about July 2016 and August 2019, JUNWOO CHON was a
12 resident of Bellevue, Washington. JUNWOO CHON was friends with SUNG MO JUN
13 and JOON JUN.

14 10. Between in or about July 2016 and August 2019, JOON JUN was a resident
15 of Issaquah, Washington. JOON JUN is SUNG MO JUN's brother and a friend of
16 JUNWOO CHON.

17 **II. Summary of the Scheme.**

18 11. Beginning in July 2016, and continuing through July 2019, SUNG MO
19 JUN, JUNWOO CHON, and JOON JUN worked together to engage in insider trading in
20 Netflix securities by, among other things: (1) sharing material, non-public information,
21 namely Netflix's internal subscriber data, that SUNG MO JUN misappropriated from his
22 employment at Netflix, and, later, obtained from AYDEN LEE, another Netflix
23 employee; (2) contacting another Netflix employee, Tipper 1, to obtain information
24 concerning Netflix's operational results; and (3) closely coordinating the securities they
25 traded based upon this material, non-public information.

26 12. In addition to conducting insider trading in Netflix securities, SUNG MO
27 JUN, JUNWOO CHON, and JOON JUN also engaged in insider trading in the securities
28 of Technology Company 1 prior to Technology Company 1's earnings announcement on

1 February 13, 2017. JUNWOO CHON and JOON JUN also traded in Technology
 2 Company 2's securities on the basis of Technology Company 2's material, non-public
 3 information prior to Technology Company 2's earnings announcement on February 1,
 4 2018.

5 **III. Manner and Means of the Scheme.**

6 13. It was a part of the scheme to defraud that, as Netflix employees, SUNG
 7 MO JUN, AYDEN LEE, and Tipper 1 had access to Netflix's material, non-public
 8 subscriber information. It was also a part of the scheme to defraud that, by virtue of their
 9 employment with Netflix, SUNG MO JUN, AYDEN LEE, and Tipper 1 had a duty to
 10 keep confidential this material, non-public information.

11 14. By virtue of their employment at Netflix, SUNG MO JUN, AYDEN LEE,
 12 and Tipper 1 were informed of, and acknowledged, Netflix's internal insider trading
 13 guidelines. Among other things, Netflix's guidelines prohibited SUNG MO JUN,
 14 AYDEN LEE, and Tipper 1 from: (1) trading in Netflix securities while in possession of
 15 material, non-public information; and (2) passing Netflix's material, non-public
 16 information to others or recommending that others trade Netflix securities based on
 17 material, non-public information.

18 15. It was also a part of the scheme to defraud that, contrary to these
 19 restrictions, SUNG MO JUN, AYDEN LEE, and Tipper 1 passed Netflix's material, non-
 20 public information to others for the purpose of trading in the securities of Netflix.
 21 Between July 2016 and April 2017, SUNG MO JUN tipped JUNWOO CHON and JOON
 22 JUN with Netflix's material, non-public information concerning its internal subscriber
 23 number, and JUNWOO CHON and JOON JUN made trades in advance of each earnings
 24 announcement based on this information.

25 16. For example, on January 17, 2017, using the material, non-public
 26 information SUNG MO JUN provided them in breach of SUNG MO JUN's duty to
 27 Netflix, JUNWOO CHON and JOON JUN each purchased 100 Netflix call options with
 28 a strike price of \$130 which expired on January 27, 2017. After the market closed on

1 January 18, 2017, Netflix announced its financial results for the fourth quarter ending
 2 December 21, 2017, and Netflix's subscriber number beat analyst expectations. Between
 3 January 19 and 23, 2017, JUNWOO CHON and JOON JUN sold the call options they
 4 purchased on January 17, 2017 and realized significant profits.

5 17. Between July 2016 and April 2017, JUNWOO CHON made a net profit of
 6 \$521,400 and JOON JUN made a net profit of \$215,419 (totaling \$736,819) trading
 7 Netflix securities based on the material, non-public information SUNG MO JUN gave
 8 them during this period.

9 18. It was also part of the scheme to defraud that SUNG MO JUN requested,
 10 and received, cash payments totaling \$60,000 from JUNWOO CHON as SUNG MO
 11 JUN's portion of the profits from JUNWOO CHON's trading in Netflix securities based
 12 upon the material, non-public information SUNG MO JUN obtained from Netflix and
 13 fraudulently passed to JUNWOO CHON.

14 19. Between July 2017 and July 2019, AYDEN LEE, at SUNG MO JUN's
 15 request, tipped SUNG MO JUN with Netflix's material, non-public information
 16 concerning its internal subscriber numbers. SUNG MO JUN made trades in advance of
 17 each earnings announcement during this period based on this information. For example,
 18 on January 22, 2018, SUNG MO JUN purchased 100 Netflix call options with a strike
 19 price of \$205 expiring January 26, 2018. Netflix announced its earnings and subscriber
 20 growth after the market closed on January 22, 2018. On January 23 and 24, 2018, SUNG
 21 MO JUN sold the 100 call options he had purchased on January 22, 2018, and made
 22 approximately \$256,814 in profits.

23 20. In addition, SUNG MO JUN passed the material, non-public information
 24 AYDEN LEE provided him to JUNWOO CHON and JOON JUN, and they also
 25 conducted trades based on this material, non-public information.

26 21. Between July 2017 and July 2019, SUNG MO JUN's prohibited trades in
 27 Netflix stock and options resulted in a total net profit of \$434,086. Thus, together with
 28 the profits of JUNWOO CHON and JOON JUN between July 2016 and April 2017, the

1 illicit gains attributable to SUNG MO JUN concerning insider trading in Netflix
2 securities is \$1,170,906.

3 22. It was also part of the scheme to defraud that between January 2019 and
4 July 2019, SUNG MO JUN, JUNWOO CHON, and JOON JUN also contacted Tipper 1
5 seeking additional information concerning Netflix's results. In response to these
6 requests, Tipper 1 provided general information on whether Netflix's quarterly results
7 would be neutral, positive, or negative. SUNG MO JUN, JUNWOO CHON, and JOON
8 JUN conducted trades in Netflix securities based in part on this material, non-public
9 information.

10 23. Between July 2016 and July 2019, JUNWOO CHON's prohibited trades in
11 Netflix stock and options resulted in a total net profit of \$1,640,641.

12 24. Between July 2016 and July 2019, JOON JUN's prohibited trades in
13 Netflix stock and options resulted in a total net profit of \$1,101,629.47

14 25. It was also a part of the scheme to defraud that, by relying on the material,
15 non-public information provided by SUNG MO JUN, AYDEN LEE, and Tipper 1 as set
16 forth above, SUNG MO JUN, JUNWOO CHON, JOON JUN, and AYDEN LEE
17 defrauded Netflix of its material, non-public financial information for the purpose of
18 converting it to the use of SUNG MO JUN, JUNWOO CHON, and JOON JUN, and for
19 the purpose of executing securities transactions in the stock and options of Netflix. These
20 acts also constituted a scheme to defraud the counterparties in these illicit trades.

21 26. In addition to conducting insider trading in Netflix securities as set forth
22 above, SUNG MO JUN, JUNWOO CHON, and JOON JUN also engaged, on one
23 occasion, in insider trading in the securities of Technology Company 1 based upon
24 material, non-public information provided to SUNG MO JUN by Tipper 2. JUNWOO
25 CHON and JOON JUN also engaged in insider trading, on one occasion, in the securities
26 of Technology Company 2 based upon material, non-public information provided by
27 Tipper 3.

IV. Execution of the Scheme.

27. On or about the dates set forth below, in Bellevue and Issaquah, within the Western District of Washington, and elsewhere, having devised and participated in the above described scheme and artifice, SUNG MO JUN, JUNWOO CHON, JOON JUN, and AYDEN LEE, engaged in the following conduct:

Count	Defendant(s) Charged	Date	Conduct
1	SUNG MO JUN JUNWOO CHON	January 17, 2017	Purchase of 100 Netflix call options by JUNWOO CHON
2	JOON JUN	January 17, 2017	Purchase of 100 Netflix call options
3	AYDEN LEE	January 22, 2018	Purchase of 100 Netflix call options by SUNG MO JUN

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Sections 240.10b5 and 10b5-1.

ASSET FORFEITURE ALLEGATION

The allegations in Counts 1 through 3 are hereby realleged and incorporated by reference for the purpose of alleging forfeiture. Upon conviction of the offense alleged in Count 1, the defendants SUNG MO JUN, JUNWOO CHON, JOON JUN, and AYDEN LEE shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), by way of Title 28, United States Code, Section 2461(c), any property that constitutes or is traceable to proceeds of the offense. This property includes but is not limited to a sum of money reflecting the proceeds the defendant obtained from the offense.

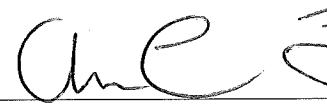
Substitute Assets. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or,
- e. has been commingled with other property which cannot be divided without difficulty,

1 it is the intent of the United States to seek the forfeiture of any other property of the
2 defendant, up to the value of the above-described forfeitable property, pursuant to Title
3 21, United States Code, Section 853(p).

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5 DATED: August 17, 2021
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TESSA M. GORMAN
Acting United States Attorney


ANDREW C. FRIEDMAN
Assistant United States Attorney


JUSTIN W. ARNOLD
Assistant United States Attorney